

as the opening of the reservoir and the most serious addition, however, to the expenditure results from the amount estimated as necessary for Extraordinary Public Works. We know how essential it is, Gentlemen, that such public works as are in course of construction should be carried out without delay and that others as may be really useful should be commenced while the water and drainage system, which the Colony has undertaken, cannot be allowed to stand still. But I do think that it is a question for serious consideration whether it is just towards the present generation to burden it with such public works as are destined for the good of future generations should entirely fall upon us. It seems to me that the comparatively small debt of £200,000, which is gradually becoming less every year, might fairly be added to so as to enable the Colony to construct such works as are absolutely necessary for the present, without adding to its financial or over-taxation of its people. I heartily concur in these statements, and the object of my resolution is to afford your Excellency an opportunity of explaining your views more at length and of laying before the Council any suggestion towards the carrying out of the works on your knowledge, and your experience in other colonies may lead to. It is obviously unfair and unjust towards the present taxpayers that they should be charged with the entire cost of extraordinary and very large productive works. As from the present works, which are continued, it will derive more benefit than it is likely to do ourselves, it is only right that future generations should bear their fair share of the cost. The expenditure on extraordinary public works has now assumed gigantic proportions—in fact the figures are, I think, startling. Immense public works are being undertaken which should be carried out promptly and continuously so as to obviate the risk of ill-considered changes in and departures from plans already agreed upon. Economy in such circumstances would be more likely to be attained. The small public debt of this Colony, which is gradually becoming less, and could fairly be added to. The Government could readily raise a silver loan locally on easy terms and without paying any commission whatever for the issue of their bonds or debentures. A loan in dollars is in every way preferable to dealing in gold, as the latter the Government would be exposed against the possibility of an adverse movement in the value of gold as measured by silver. That a loan should be raised is, I think, the unanimous wish of the taxpayers and ratepayers, and that the money should be applied towards the cost of extraordinary public works is equally the unanimous wish of the ratepayers and taxpayers, and could obviate any possible increase in taxation. The public works to which I refer are the water and drainage works, the new market and the new public laundries. I think we shall pay sufficient, even if the estimated revenue for 1891 is maintained for the next four years, to meet the cost of the purchases of official stationery and the necessary audit, which aggregate \$54,000 annually and there are the unreasonable demands of the War Office in regard to the Military contribution to be met, although the Imperial army is here for imperial purposes more than for Colonial purposes. Any increase in taxation would be a heavy burden upon the ratepayers, if it were possible to make one, say of even one per cent, in the taxes would be a heavy burden.

Mr. Ryrie—I have much pleasure in seconding the motion of my hon. friend. Some years ago I certainly gave an order for raising money on loan for the use of the Colony, but I am not ashamed to say now that I have changed my mind on that subject. Our public works have grown to such an enormous extent that I think a loan is most advisable. We can get one, I think, on the most advantageous terms, one that will be sanctioned by the Colony, and now get heavy burdens upon us, especially the military contribution, in regard to which it appears, from what the Secretary of State says, that what was promised to us is not going to be fulfilled. They gave us a statement of the conditions of borrowing to 3,000 men, and now, when we expect them to fulfil their promise, they shift the question by saying—'Why, you are only paying \$40,000 out of £280,000,' a thing which we well know before which was there. Now we say, 'They try to impose upon us that they say, and I say we should not put up with it, but we must do it.'

'What are you going to do to fulfil your promise? You have done nothing so far.' We know that the military are appreciated very much by this colony, but their maintenance is essentially an imperial expenditure. I desire your Excellency to state to me, when the first contribution of £20,000 was made. A report of the proceedings was published in the form of a pamphlet, and there you will see the arguments *pro* and *con* as to whether we should pay a military contribution or not. Now they have doubled the contribution, and we say we ought to be thankful that we are asked to pay it. I think, however, the raising of a loan will be found very easy. It used to be always agreed to here that if we were indebted to the extent of a year's revenue it was not very much out of the way. Our revenue is over \$1,800,000 a year, and suppose we put in \$1,000,000 a year that we used not to think of some years ago.

Mr. Kerwick—On the whole, I think I can give my very cordial support to the resolution which the hon. gentleman has just put forward, but at the same time I should like to sound a note of warning against proceeding to borrow money on any grounds except the one of the most urgent need. I am aware that the hon. gentleman in your opening address made the suggestion, and it is now being brought forward in the form of a resolution and, as I stated, I am disposed on the whole to give it my cordial support, but I would like to say in the first place to be fully aware that the loan which was raised here some years ago—I believe £200,000—has been a great measure being extinguished, and I understand my hon. friend the second of the resolution to say that it was not considered to be by any means an injudicious or impolitic thing to be in debt to the extent of one year's revenue, but it would be a matter of great regret, and I think it would be a great resolution effect, that it should be given to the present loan has been given considerably diminished. I concur in the principle that our assessors should pay their fair share of the cost of the public works for which this loan was raised, and at the same time it is desirable that we should have in any means given them a heritage of trouble by giving them money when there is no absolute necessity for it. I am therefore willing to give my concurrence and adherence to the resolution but I should like to sound that note of warning. I believe I am correct in saying that the people of this colony are not very much benefited by the drawing of large revenues from land sales in the past, there has been a very great diminution in the value of land in the immediate past, and in the immediate future I am satisfied the revenue from this source cannot be so large. I should think also that the revenues from other sources may be possibly diminished, and therefore it behoves

us to be very cautious in respect to the raising of public debt. The Colonial Secretary has just informed me, I may add, that since the year 1886, when the last loan £200,000 was raised, the sum paid off only amounts to something like £17,000—that is in four years.

The Colonial Secretary—A little over £17,000.

His Excellency—After the observations that I have made, and after the address that has been alluded to, hon. members can pretty well gather what my opinion is on this subject in the matter of principle. I certainly do consider that for public works of such a nature as it is necessary to construct in the colony, are of such a general character, but should not fall upon a single generation, but should be so arranged that future generations, who are to benefit from them as well as ourselves, should contribute towards their cost. On the other hand no one can be more desirous than myself that raising a loan should be resorted to with every precaution towards the Colony, and that in order to raise a loan, it should study very carefully its financial position, because in the first place it has to consider whether there is reasonable probability of its being able to pay off the money that it borrows, that in the second place, it has to consider at which time the money is obtained necessarily depends upon the financial condition of the country at the time the borrowing is had recourse to. So far as this Colony is concerned, I do not hesitate to say that its financial condition on the whole may be better than that of any other colony. Its revenue is, I believe, and has been for some time past, quite sufficient to meet our ordinary expenditure. But when we come to extraordinary expenditure the matter is very different; and we can scarcely expect, either from this Colony or, I may say, from any other Colony which finances with such rapid strides, to be able to meet the extraordinary costs can be equal to the extraordinary expenses that are necessarily incurred in the erection of public works. The Hon. member has referred to a loan that was raised some few years ago. There has been a sinking fund to pay off that loan, and the amount of that sinking fund has been £24,000, but it remains therefore the balance of the £200,000 still to be paid. Upon looking into the documents in connection with that loan I found that it was principally raised for the sake of military defence. The amount required for this purpose was £116,000, leaving a balance of £84,000 towards expenses connected with public works. The sinking fund was quite evident at the time the loan was raised that it was the intention of the colony that the surplus should be expended on certain public works which were then in course of consideration. I find it stated in the advertisement of the loan which was issued, that the surplus of the proceeds of the loan will be expended in the completion of the fortifications required for the defence of Hongkong, as also on the Water Works and other public works upon the construction of which during the last four years the accumulated surplus of previous years, had been expended. I am very sorry to regret that principle has not been altogether carried out and that instead of the money which was then borrowed being expended on certain definite works or in such works as were referred to by the Crown Agents in their advertisement, it seems to have been applied to the purchase of land. A separate account seems to have been kept, and the result is that it is impossible to say on what public work that surplus of \$24,000 has or has not been expended. Now, if this colony is desirous of raising another loan, I certainly do think that before attempting to actually raise the loan, or before adding to the public debt, that the Government will be necessary in order that the money should be raised, that this Colony should definitely state the objects for which that money is to be raised and that when the money is raised every care should be taken to see that it is expended for those purposes for which it was raised, and that would be a very good thing if the necessary ordinance for such a loan contained a schedule of the works—some of which were mentioned by the Hon. member (Mr. Whitehead)—on which the money that is raised should be expended, and if we could not do that, then we must be able to pay money into the general revenue or to expend money for any other purpose than for those mentioned in the ordinance. A reference has been made to the question of raising this loan locally, and I have to do with it could be so raised, but whether such a course could be desirable is a question which I do not think I can at present to express any decided opinion. I know that the Home authorities have objection to raising local loans. There may be arguments *pro* and *con*, but it is not a point on which I would like to express an opinion before submitting the matter to the Secretary of State. If, however, I were to express an opinion, I should be in favour of the State on the question. I shall not fail to furnish him with the observations made hereto-day in connection with this very point. I will now refer to the reason which prompted me to make the suggestion I did in my address I made a short time ago. I was surprised to find that the expenditure on public works in this Colony was so small and new in comparison with it is no less than \$2,500,000, and it is certainly impossible that our current revenue will be able to meet these during the coming year or even, I may say, during the year after that, I was the antecedent year, and therefore it was not surprising to find that the public works that have been begun, we must have recourse to either one or the other of two things—either we must raise the money or have recourse to additional taxation. Now, as regards additional taxation I for one should certainly be reluctant to have recourse to that if it could possibly be avoided. There is a risk that bearing in mind the circumstances of the colony, although there is an amount of depression hanging over it, if the loan was asked for there would not be any difficulty in obtaining the money at a reasonable rate of interest. There is a risk that the Government will incur a minute which I have endeavored to prepare with great care in connection with the estimates. From that minute and from the estimates it will be seen, I regret to say, that at the end of next year, instead of having any surplus, there will be a deficit. Such being the case, it is necessary to consider how we are to proceed with these works, which it is undoubtedly necessary to continue, having been already begun; and therefore if we do not obtain the money by means of a loan it seems difficult to see how these works can be proceeded with. I have said as much as I can say, and I have no objection to the Council proceeding to the resolution that has been brought forward to-day. It does not, after all, bind the Council to raise the loan. What the resolution suggests is that the Government should lay before the Council their proposal for the raising of the loan, and that they should be able to meet our extraordinary expenses and I can only say, in so far as I am concerned, I shall be most happy to prepare such a scheme as soon as possible, in order that I may lay before the Council not only the views that I personally entertain in this matter, but I may also say, the

views entertained by the other members of the executive committee. I considered on the subject a few days ago.

THE FORT OFFICE REVENUES.

Mr. Whitehead, pursuant to notice, asked the following question:—“Have the Government received a report from the Honorable E. J. Ackroyd and Mr. Nicolle on the recent defalcations in the Money Order Office and on the causes which led to them?” He so, they have by Mr. Nicolle. He said that the Government, together with a statement of the measures which have been taken to prevent such defalcations in future?

The Colonial Secretary—The Government have received a report from Mr. Ackroyd and Mr. Nicolle. It was prepared by these gentlemen at the request of His Excellency. It was sent to the Governor some time or have held the posts of Auditor General and Postmaster General are no longer alive, and as the person who actually committed the fraud has been convicted and is now undergoing imprisonment, the Government does not consider any further action to be necessary. He is publishing a report which more or less may militate against those who are no longer in a position to offer explanations. If the Hon. member desires to see the report there will be no objection on the part of the Government to allow him any member of the Council to see it. The Government have not yet decided the exact steps which steps to be taken to guard against similar defalcations in future. The local auditor has lately made a report on the subject and a despatch was received only a few days ago from the Secretary of State on the subject. The subject matter of the report. This despatch contains various suggestions which will be duly considered. In the meantime a new officer has been appointed to take charge of the Money Order Office and everything has been done that can be done in the meantime to guard against the repetition of this unfortunate occurrence.

APPROPRIATION BILL 1889.

The Colonial Secretary moved the first reading of a Bill to authorise the appropriation of a supplementary sum of £1,674,789 to defray the charges of the year 1889.

The Acting Colonial Treasurer seconded, and the ordinance was read a first time.

APPROPRIATION BILL FOR 1891.

The Colonial Secretary moved the first reading of a Bill to apply a sum not exceeding £1,674,789 to the public service for the year 1891.

The Colonial Treasurer seconded and the Bill was read a first time.

The Colonial Secretary—I have to lay on the table a despatch of His Excellency with reference to the estimates for 1891.

The Officer Administering the Government has the honor to submit to the consideration of the Legislative Council the Estimated Revenue and Expenditure of the Colony for the year 1891.

2. The Estimates have been carefully prepared by the Acting Colonial Secretary. The work connected with them has been completed, and the estimates for the year 1891 by reason of the re-adjustments of salaries in accordance with the Secretary of State's instructions. Every endeavor has been made to carry out the principles enunciated in the Despatch on the subject which has already been laid before this Council. In a matter of this kind, where the Government have agreed to make an increase proposed, it is impossible that any one concerned should be perfectly satisfied. If, however, in some cases the intentions of the Secretary of State have not been carried out, or if there are others which would seem to deserve more indulgence than has been granted to them it will be doubtless his competency to effect rectifications hereafter.

3. The Estimated Revenue for 1891 exclusive of any balance on hand at the end of this year, and exclusive of premiums on Land Sales, is £1,962,438.

4. The Estimated Revenue for this year was £1,844,000, and the estimated revenue for 1891 therefore exceeds this by £87,155. But it should be borne in mind that the estimated amount to be realized from Land Sales next year has been put down as only £88,000 whereas that for this year was anticipated as £300,000. The commercial depression which has existed for some time has rendered it necessary to make the estimate of Government property, and it would have been undesirable to have sold at a time when, as a matter of certainty, but poor prices would have been obtained. The amount realized by the sale of lands this year instead of exceeding £330,000 will, in all probability, amount to £50,000. It is to be hoped, however, that an improved condition of affairs will enable the Estimate under this head to be reached during 1891.

5. The Officer Administering the Government informed the Council a short time ago that the probable balance on hand at the end of this year would be £461,029, but that the amount of the estimate for the Colony has been called upon by an increased amount that was anticipated as representing the sum of £216,000 voted of Defence Works. About £20,000 will therefore have to be deducted from the £461,029. But on the other hand the improbability of all the amount estimated for Extraordinary Expenditure being required, and more than likely make up for this deficiency.

6. The Council is aware that one of our principal items of Revenue arises from the Opium Monopoly which according to present arrangements is to produce £477,600 a year. But an item of this nature being actually dependent upon the demand for opium, certain contingencies and it is not unusual to rely too implicitly upon such a source of income.

7. The estimated increases and decreases on the different items of revenue for next year are principally the following:—There is an estimated increase in several taxes of £50,000, and to the increase in the land revenue and the increase in the probable estimated for 1891 without deduction or unoccupied houses, but this deduction has to be made good from expenditure.

There is also an estimated increase of £1,000 on carriage and their license, and of £13,770 on the average of £18,000 of this year.

There is an increase of \$3,000 estimated for spirit license. The sum estimated under this heading last year was \$41,000, whereas that obtained was \$48,794.

There is also an estimated increase of \$44,400 on the average of \$41,000 of this year. College the average of \$41,000 of this year under this heading being \$10,000.

An increase from \$65,000 to \$75,000, and also contemplated for rents derived from market stalls and shops.

The estimated decreases are chiefly in the following items:—Boat licenses from \$35,770 to \$27,500; Carriage licenses from \$7,500 to \$7,250; and the average of \$14,500; Hawkers' license from \$3,500 to \$3,000; Emigration, which is on the decrease owing to the unwillingness of certain countries to receive Chinese, from \$18,000 to \$15,900; Lands other than those leased, but including Stone Quarries, from \$30,000 to \$28,000.

7. The revised estimated ordinary expenditure for 1891 is \$1,474,780. The estimated extraordinary expenditure is \$320,279. Instead of \$304,779 as stated by the Officer Administering the Government a short time ago, some omissions having been made in the draft estimates an originally proposed sum of \$2,000,000 has been reduced to \$2,500,000 instead thereof of having a balance of \$460,000 on hand at the end of 1891 there is an estimated deficit of about \$100,000.

The Council has already been informed that the principal causes of additional ordinary expenditure are the increased Military expenditure of \$24,000 for the year 1891, the additions to salaries amounting to about \$47,000, the introduction of the Electric Light and the changes effected in the Audit Department.

Provision has been made for a Chief Assistant to the Observatory at a salary of \$1,000 a year, with the recommendation of the Commission.

A sum of \$3,000 has been provided for the upkeep of the Epidemic Hall now in course of construction.

The expenses of the Police Department have been somewhat increased in consequence of the changes in the staff which have been made in connection with the same. While some additional cost has been proposed for the Gas Department with a view of obtaining men from England to do duty as Turnkeys.

But the greatest increase on expenditure is that estimated as necessary for Public Works. As a proof of the continued increase of expenditure under this head it is worthy of remark that in the year 1875 the amount expended on the Surveyor General's Department, on Public Works and Buildings, Roads, Streets and Bridges amounted to £10,042 whereas for 1891 the amount is £100,000. The amount for the Water and Drainage and the Sanitary Departments amounts to “no less than \$320,279, while the total amount estimated for the construction of such Public Buildings as have actually been commenced or are in contemplation is \$2,340,237, which will amount to a great increase should a new goal be constructed.

8. The Officer Administering the Government is fully sensible of effecting economy in so far as is possible. It is at all times difficult to lay down any hard-and-fast line as to how this to be done, but there are many little ways in which those who are entrusted with the expenditure of public money can guard against needless expenditure.

The financial condition of the Colony may be regarded on the whole as satisfactory, the revenue being quite sufficient to meet any ordinary expenditure; but while this is the case, it is not to be forgotten that it is necessary for its development and progress that the Officer Administering the Government entirely concurs that every prudent should be exercised in dealing with public money.

AMENDMENT OF THE DANGEROUS GOODS ORDINANCE.

The Council went into Committee on this Bill.

Mr. Keswick pointed out that there was no schedule attached to the Ordinance to show what dangerous goods were referred to, and that it might give rise to some misunderstanding.

The Attorney General said a definition of ‘dangerous goods’ was given in the principal ordinance, B of 1875, of which this was an amendment.

Mr. Keswick said that an instance of this kind was likely to give rise to consideration. He suggested that the *Colonial Gazette* as to the place of various goods, devoted to the storage of such goods might be rendered of little or no value.

The Attorney General explained that the amending ordinance only altered the law by providing that by-laws might be made with regard to the transportation of dangerous goods.

Mr. Whitehead asked if any provision was to be made as to the class of ships carrying dangerous goods, a point raised by Mr. Ryrie at last meeting.

Mr. Ryrie said he had conferred with the Attorney General and he was informed that the Ordinance would be amended to provide for the introduction of some goods which would deal with that question. He was always of opinion that proper but should be provided by Government, or someone else, to carry powder. He had seen it carried in a most dangerous manner.

BILLS PASSED.

The Bills to amend the Rating Ordinance and the Pence Preservation Ordinance were read a third time.

THE AMENDING POLICE BILL.

This Bill was considered in committee. A clause was added empowering the Governor to remit the fine imposed for leaving the Force before expiry of engagement and several verbal alterations were made. The Bill passed through committee.

THE PRISON FUND BILL.

Mr. Ryrie said this was a very important measure and a Committee ought to be appointed to consider it. The Bill would require the attention of the Council. He proposed that the Council adjourn.

Mr. Keswick seconded.

The Attorney General said he did not propose to go into Committee to-day, as one or two amendments had been sent in. His Excellency said the Bill would have to be considered and he would have to go to a special or a general committee to be appointed. At the same time it was desirable to get through with it, as it was part and parcel of the estimates; the Secretary of State having in certain cases made it a condition of the advance of salary that the official join the Fund.

Mr. Ryrie said he preferred to propose the Committee adjourn to this day week.

FINANCE COMMITTEE.

A meeting of the Finance Committee was held after the Council meeting, the Acting Colonial Secretary presiding.

THE MARINE GUARD.

Mr. Ho Kai said if the additional sum had been paid or was going to be paid, the Chairman said the Colony was practically committed to the payment, as the Secretary of State had written to the Drawn Agents approving of the additional expense being incurred.

Mr. Ho Kai—Is an exchange is given as to how the money was to be paid?

The Chairman—We pay the Crown Agent on the average for the year.

The vote was agreed to.

THE PIER AT STONECOTTEN'S ISLAND.

With reference to the vote of \$6,323 for the reconstruction of the landing pier, the Chairman said that the Surveyor General was of opinion that the pier at Yamati might stand over for a couple of years longer. The pier at Stonecotten's Island was for the Powder Magazine. They were in communication with the military authorities, who proposed to rebuild the pier, and as to whether they should not refund to the Government a certain portion of the expenditure, as they made use of the pier.

The Surveyor General said the military made more use of the Colonial pier than of their own, as the former was on the shore of the island.

The vote of \$6,323 was also agreed to.

THE PROPOSED REDUCTION OF POSTAGE.

On this subject being brought forward, the Chairman pointed out that the Colony had been receiving a bonus for many years, having been only charged 100,000, which was the equivalent of £1,400.

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